

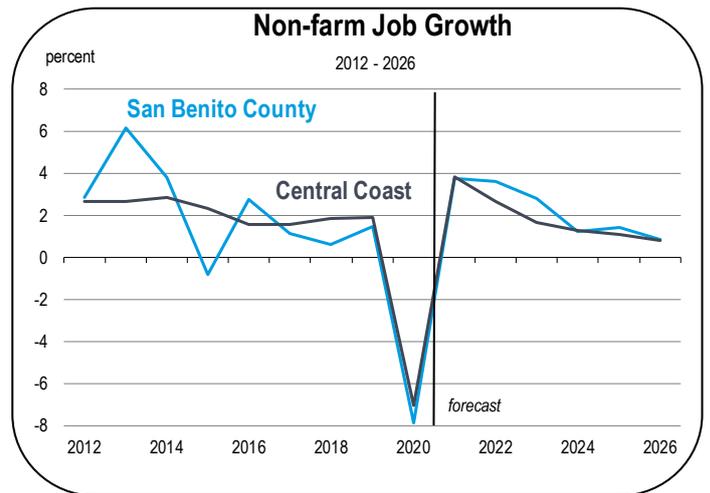
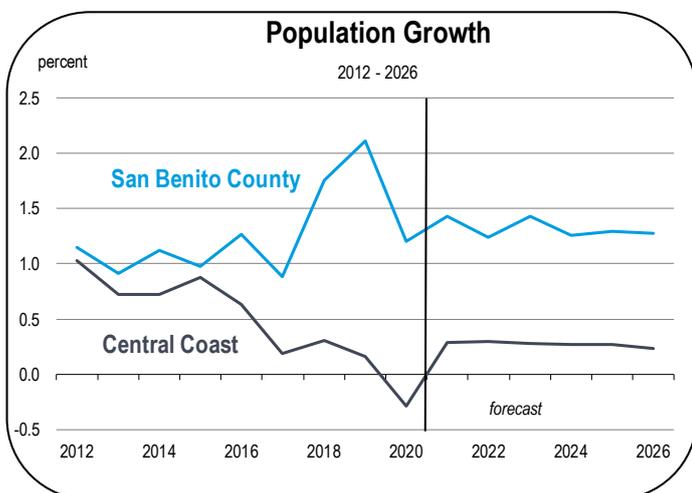
San Benito County Economic Forecast

Forecast Summary

- On an annual average basis, 500 non-farm jobs will be restored in San Benito County during 2021, representing approximately a third of the jobs that were lost in 2020.
- A full labor market recovery is expected by 2023.
- Employment gains in 2021 will be largest in leisure services, which will recover 200 jobs, and retail trade, which will re-gain 150 jobs.
- The unemployment rate averaged 9.9 percent in 2020. It is forecast to average 8.5 percent in 2021.
- The San Benito County population is expected to grow relatively quickly between 2021 and 2026 as households relocate into San Benito County for its affordable housing options.
- Home prices surged unexpectedly in 2020, rising by 7 percent. The median price is expected to increase by another 13 to 15 percent in 2021.

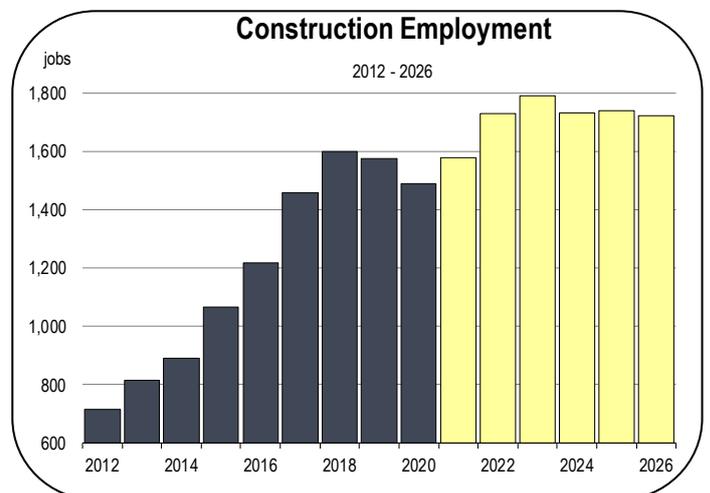
Job Growth

- Total employment in San Benito County will expand by 3.4 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth will average 1.9 percent per year.

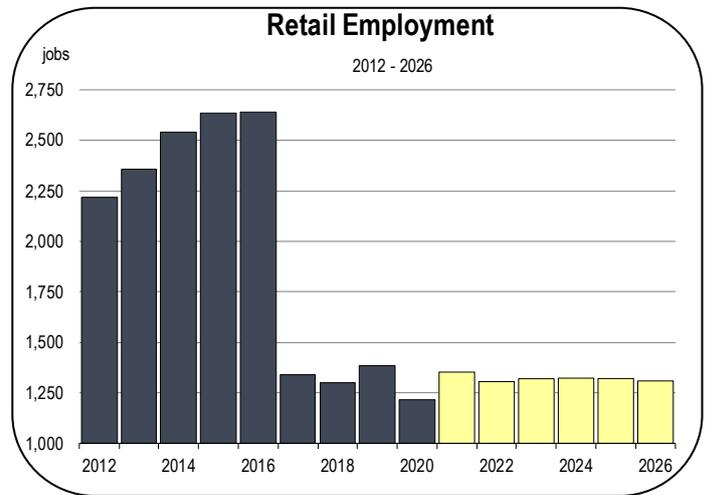
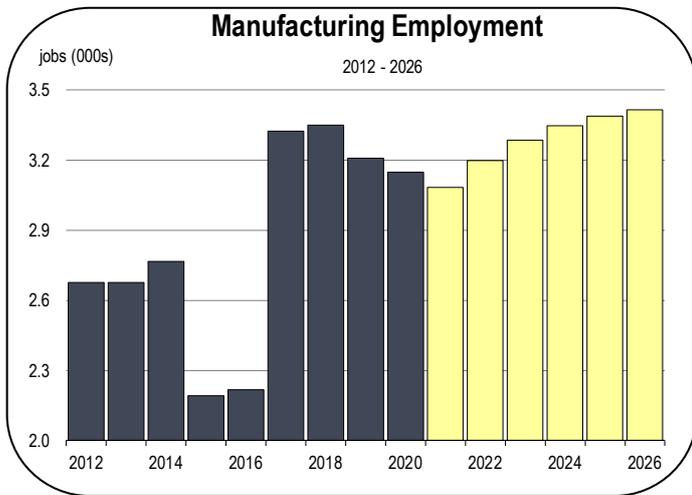


Construction Employment

- The Coronavirus Recession had a minimal impact on the construction industry.
- The expected level of housing production and non-residential construction activity will require a meaningful expansion of the construction workforce, generating several hundred jobs by 2023.
- By 2023 the California construction workforce will be fully employed, and construction firms will struggle to hire additional workers.



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Manufacturing Employment

- San Benito County has a high concentration in food manufacturing, which consists of facilities that turn agricultural commodities into finished food products.
- San Benito food manufacturing firms work with farms within the county and across the Salinas Valley, which produce a substantial share of the nation’s vegetables.
- Some of the largest employers of food manufacturing workers are:
 - San Benito Foods, a tomato canning plant
 - Marich Confectionery, a manufacturer of chocolate products
 - Tourist Hat Coffee, a coffee roaster
 - mmm... Churros!, a churro bakery

Transportation and Warehousing Employment

- Most transportation jobs in San Benito County are in trucking and warehousing, where firms deliver goods to and from the Port of Oakland, and store these goods in logistics facilities.

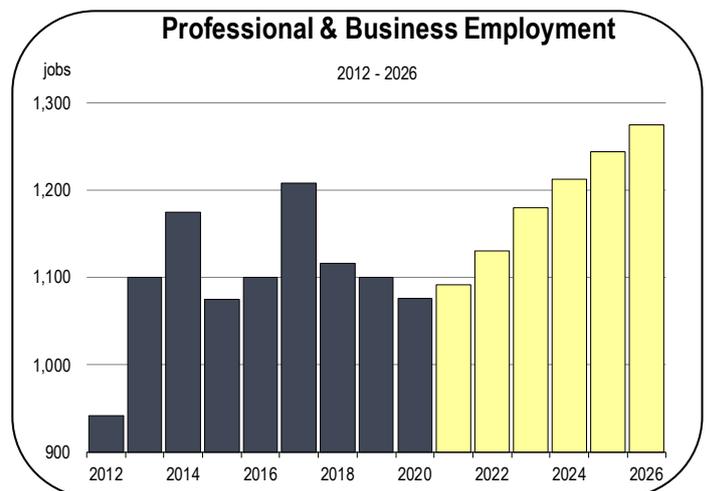
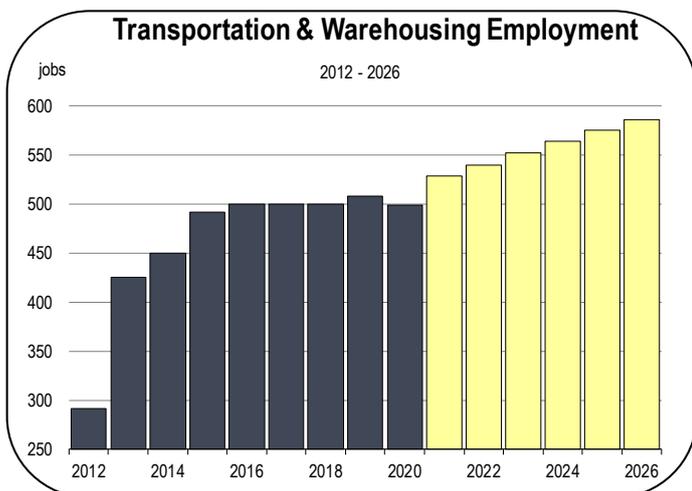
- An new Amazon logistics facility will open in Hollister, which will operate 24 hours a day and create dozens of jobs in the transportation and warehousing industry.

Retail Trade Employment

- The Coronavirus Recession had a mild affect on San Benito County retail industry, where employment declined by only 150 jobs.
- San Benito County will recover all lost jobs within 2021 as storefronts open up to higher capacities, but future growth is expected to be minimal.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.
- Many professional and business service jobs were able to operate from home, leading to very few job losses.



San Benito County Economic Forecast



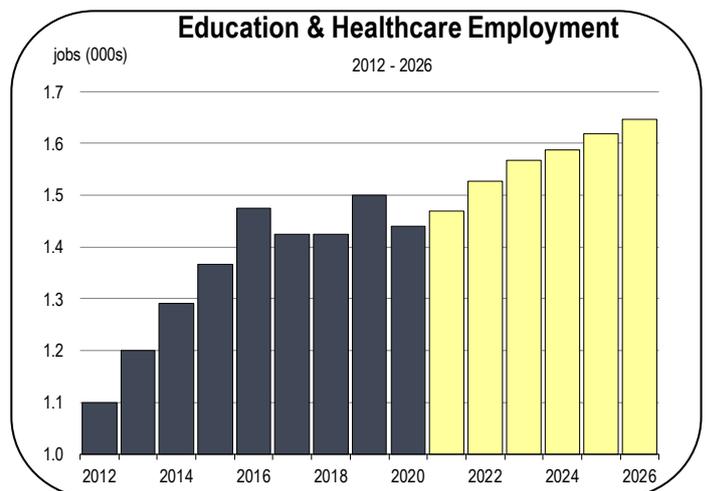
A rendering of Hollister Research Campus, a potential new R&D facility for autonomous vehicles.

- Losses were observed within subsectors where the work had to be performed on site, like building maintenance and security services.
- Losses were also prominent at temporary help agencies.
- Over the forecast period, maintenance and security jobs will be restored as the economy returns to on-site work, and new jobs will be created in business consulting and IT consulting.
- San Benito County plans to develop multiple R&D campuses for autonomous vehicles. If these projects are built as envisioned, they would create dozens of jobs in engineering and scientific research (which are in the professional and business services industry), along with jobs in other industries like leisure services, retail trade, and manufacturing.
- The most recently proposed project, called Hollister Research Campus, is still years away from breaking ground, and is unlikely to be completed before the end of the 2021-2026 forecast period.

Private Education and Healthcare Employment

- Job losses in healthcare were minimal in 2020. Total employment levels at doctors’ offices, dentist offices, and Hazel Hawkins Memorial Hospital did not change much.

- A meaningful number of jobs were lost at child daycare centers. Jobs at daycare centers are expected to be restored in the second half of 2021 and into 2022.
- Employment at private educational institutions, like Hollister Prep, declined slightly in 2020.
- A full recovery is expected by 2022, and over the long term, the private education and healthcare sector will be among the leading industries for job creation in San Benito County.



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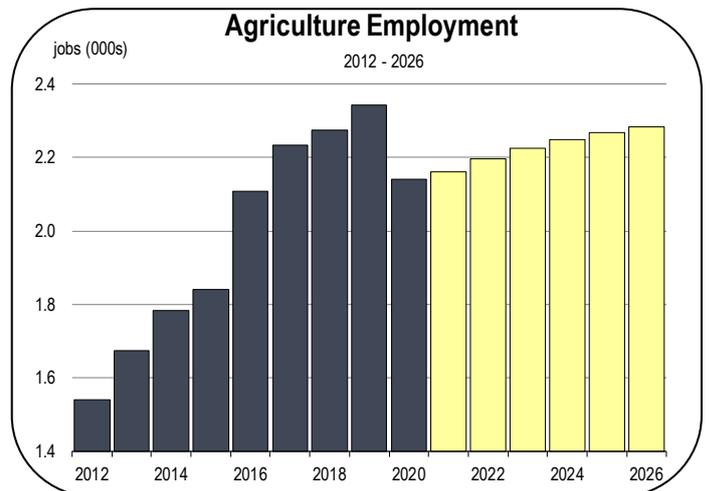
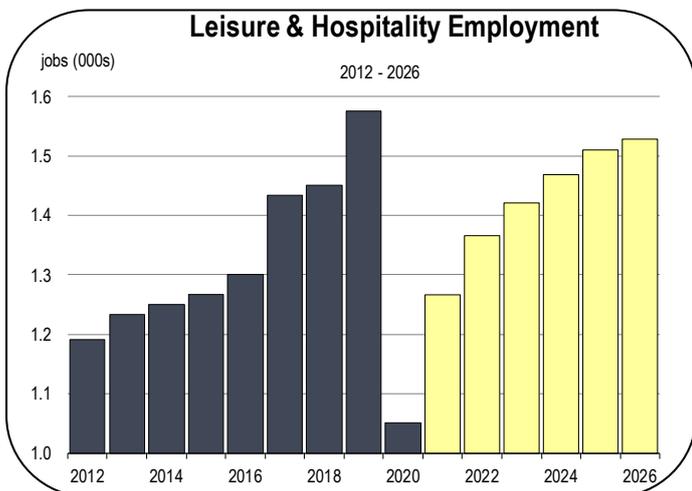
San Benito County is home to Pinnacles National Park, which is located east of the town of Soledad. The park draws approximately 200,000 visitors each year and has a meaningful impact on tourism spending in San Benito County. The park is part of the Neenach Volcano, which last erupted 23 million years ago and created the unique geological formations of this portion of the Pacific Coast Mountain Ranges.

Leisure and Hospitality Employment

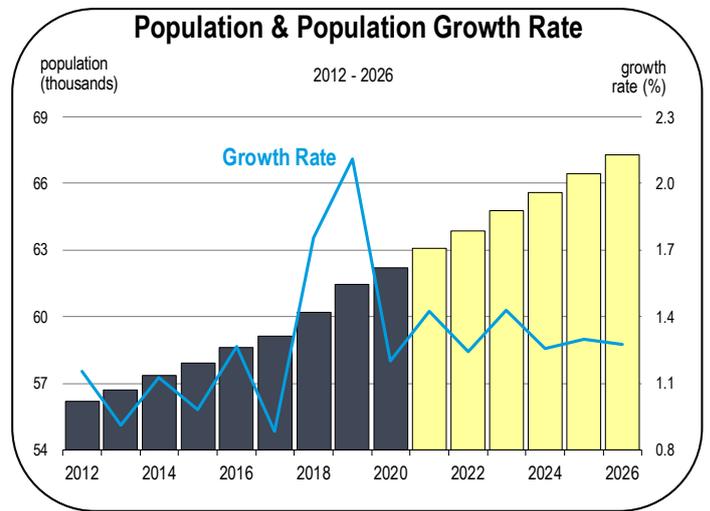
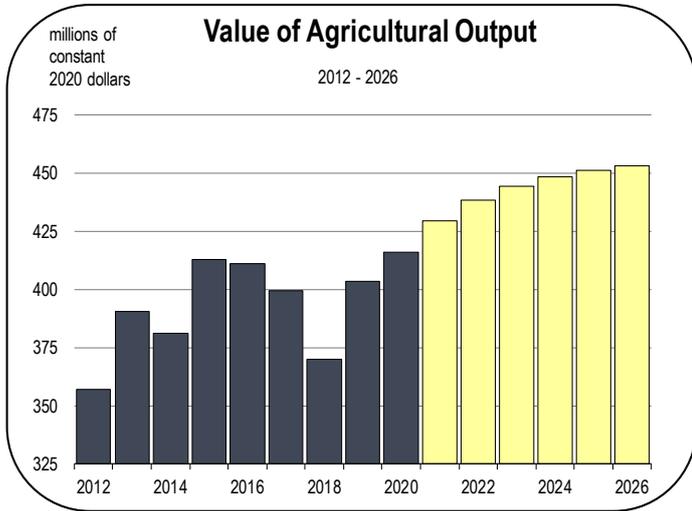
- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company.
- More than 500 jobs were lost, a decline of 33 percent.
- 200 jobs are expected to be restored in 2021. A full recovery is not expected within the 2021-2026 forecast period.
- The Northern California Renaissance Faire is typically held in Hollister each year, running for several consecutive weekends in September and October.
- The Faire was canceled in 2020 but was revived in 2021, which should increase visitor spending at local restaurants and hotels.

Agriculture Employment

- The agriculture sector lost approximately 200 jobs in 2020 on an annual average basis.
- Job creation is expected to be slow over the forecast period.
- San Benito County produces more than \$200 million of agricultural commodities each year. The county's primary crops are:
 - Lettuce (output value of more than \$50 million per year)
 - Spinach (\$40 million)
 - Wine grapes (\$30 million)
 - Industrial hemp (\$20 million)
 - Peppers (\$10 million)
 - Broccoli (\$10 million)
 - Tomatoes (\$10 million)



San Benito County Economic Forecast



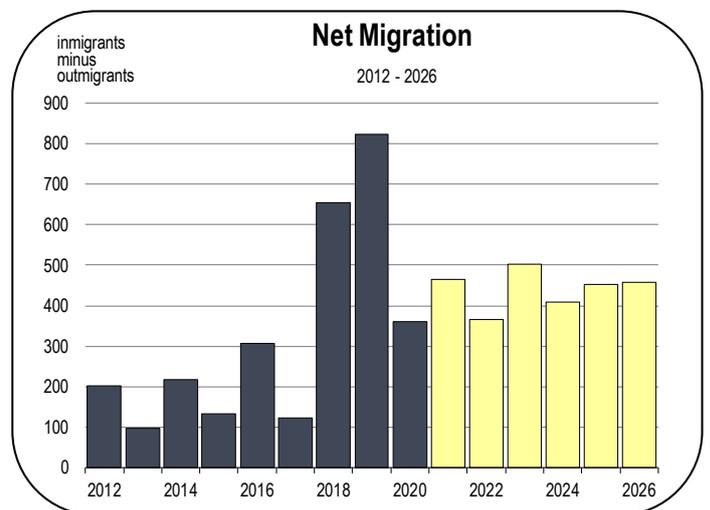
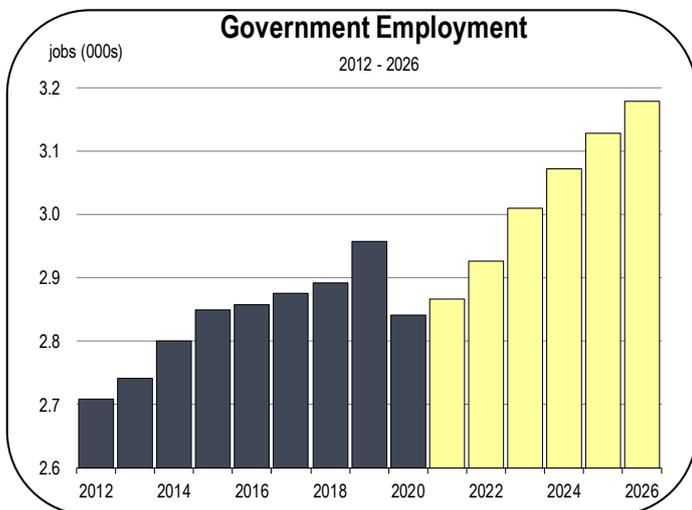
Government Employment

- Government agencies lost 100 jobs during 2020. Most of these losses were at local schools, with the rest at city and county municipal agencies.
- Employment will begin to recover in 2021 as municipal agencies are bailed out by the federal government and schools re-open.

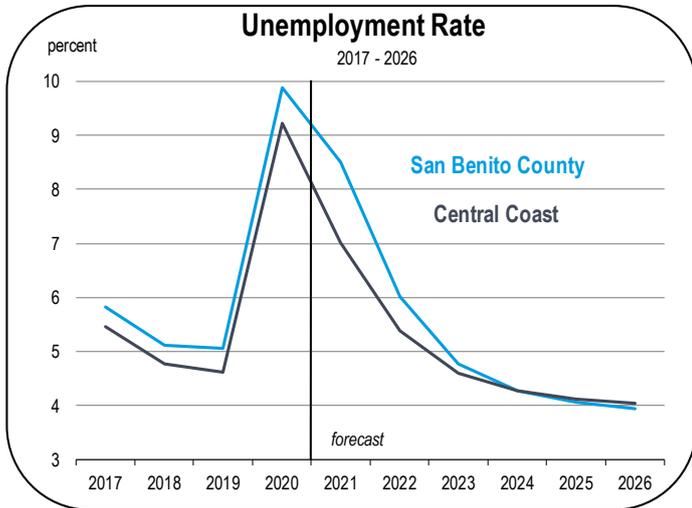
Population Growth

- The San Benito County population is expected to expand more quickly than the Central Coast average between 2021 and 2026.

- Net migration is expected to be a meaningful contributor to population growth. Home prices in San Benito County are more affordable than neighboring Santa Clara and Monterey Counties, which will incentivize residents to relocate to Hollister from Silicon Valley and Salinas.
- The population will expand at an annual average rate of 1.3 percent per year from 2021 to 2026, placing San Benito County among the fastest growing regions of California.
- By 2026 the San Benito County population will surpass 67,000 residents.

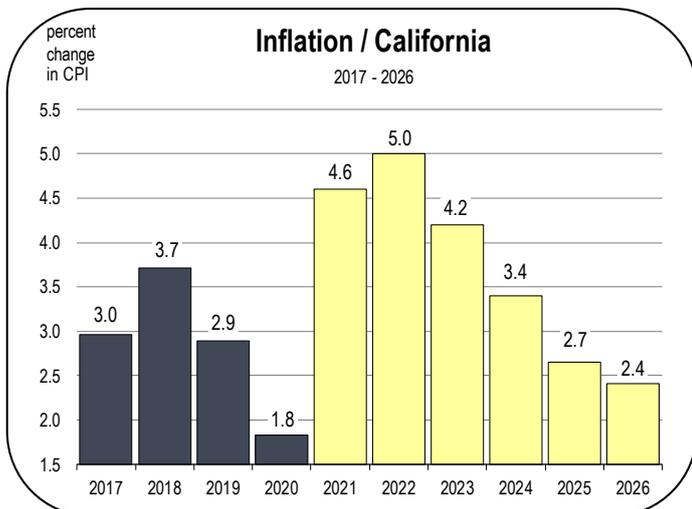


San Benito County Economic Forecast



Unemployment and Inflation Rates

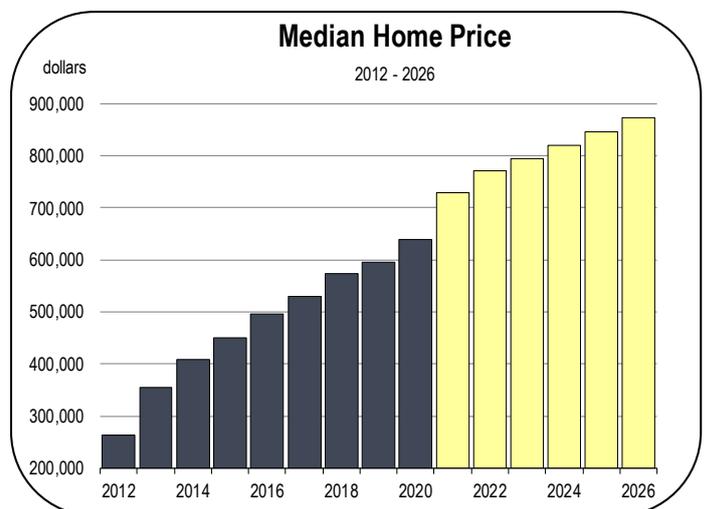
- The unemployment rate in San Benito County averaged 9.9 percent in 2020.
- The unemployment rate in San Benito County is always higher than the Central Coast average because San Benito County has a larger share of agricultural workers, and agriculture is a seasonal industry.
- An unemployment rate below 6.0 percent signifies a fully employed workforce in San Benito County.
- The unemployment rate is expected to average 8.5 percent in 2021 and 6.0 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.



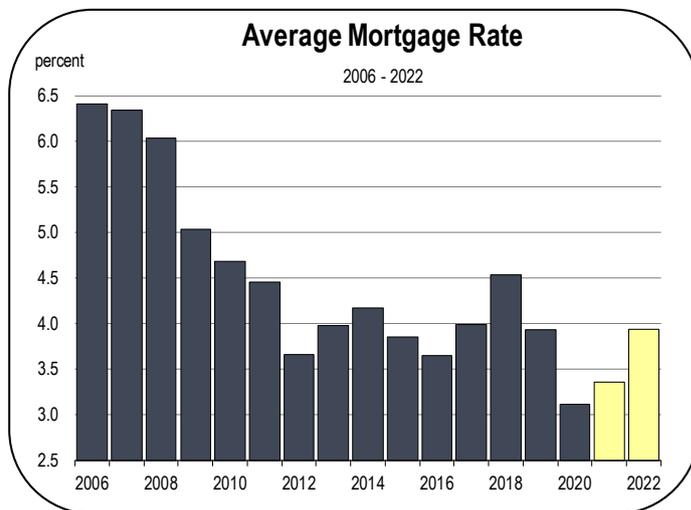
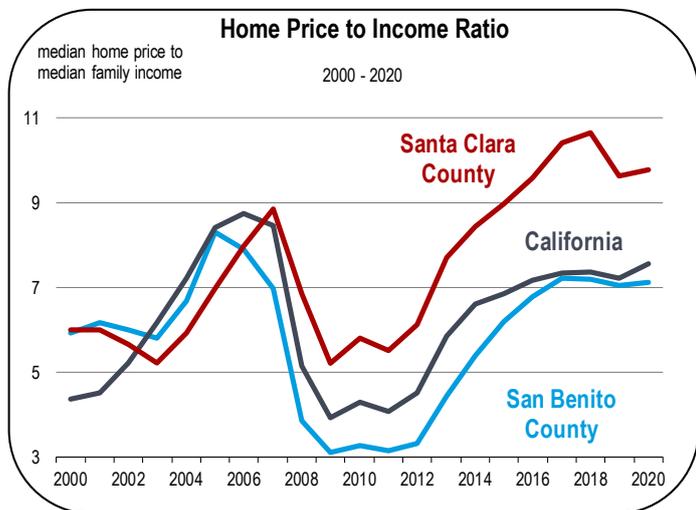
- Inflation soared in 2021 and is expected to remain elevated for several years.
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
 - Record levels of spending by consumers and government agencies
 - Fractures in the global supply chain that raise the cost of production for many businesses
 - Sharp increases in the cost of housing and energy
 - Labor market recruitment challenges that force companies to raise wages
- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020 the median home price in San Benito County was \$639,500.
- Home prices increased by 7 percent in 2020, which was below the 10-12 percent increases observed in some major metropolitan areas.



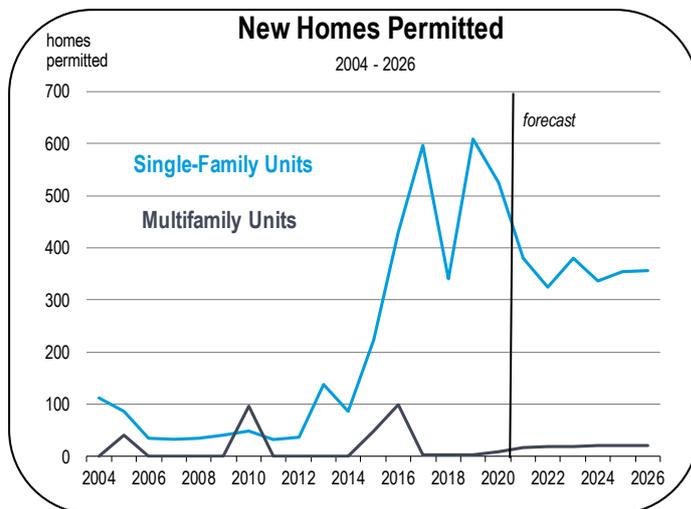
San Benito County Economic Forecast



- Home prices in San Benito County are forecast to rise by 13 to 15 percent in 2021, in tandem with rapid increases across most of California.
- The median price has become relatively expensive in San Benito County, but homes are still affordable to many households.
- In 2020, a typical household in San Benito County would have had to spend 30 percent of its pre-tax income on mortgage payments in order to afford the median-priced home. This is far above the historical average, but is within most affordability guidelines.
- How can rapid price increases be compatible with an affordable housing market? Because interest rates are near historic lows, which keeps mortgage payments low even when prices rise.
- Homes in San Benito County are much more affordable than homes in neighboring Santa Clara County, where the typical household would have to spend 40 percent of its pre-tax income to afford the median priced home.
- From 2015 to 2020, an average of 480 new homes were started per year in San Benito County. Approximately 95 percent were single-family homes.
- Housing production is expected to average 350 to 400 homes per year from 2020 to 2025, consisting almost entirely of single-family homes.
- In September 2020, the county planning commission approved a project that will ultimately produce 149 single family homes.
- The project will be located at 213 Enterprise Road in Hollister and will have a multi-year buildout period.

Non-Residential Real Estate Development

- Galivan College plans to break ground on a San Benito Campus in late 2022 or early 2023. In 2018, a bond measure was passed to provide \$60 million in funding for the project, and construction could be completed by fall 2024.
- San Benito County has plans for two R&D facilities that would be dedicated to autonomous vehicle research. The sites would include research campuses with hotels, restaurants, and retail stores. If granted final approval, the projects will not break ground for a number of years.



San Benito County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	57,893	17.3	134	272	62	\$2.7	\$357	\$608	\$440	\$52,637	7.6	\$413	1.4
2016	58,626	17.5	308	529	65	\$2.9	\$388	\$665	\$441	\$54,600	6.7	\$411	2.3
2017	59,144	17.7	124	599	65	\$3.0	\$420	\$762	\$584	\$55,831	5.8	\$399	3.0
2018	60,183	18.1	655	342	67	\$3.2	\$432	\$768	\$558	\$56,326	5.1	\$370	3.7
2019	61,453	18.6	823	611	70	\$3.5	\$460	\$752	\$572	\$57,512	5.1	\$404	2.9
2020	62,192	19.1	361	533	71	\$3.6	\$529	\$835	\$626	\$58,283	9.9	\$416	1.8
2021	63,079	19.4	465	397	72	\$3.9	\$509	\$866	\$624	\$59,864	8.5	\$429	4.6
2022	63,862	19.8	366	343	73	\$4.0	\$518	\$880	\$628	\$59,426	6.0	\$438	5.0
2023	64,776	20.2	502	399	74	\$4.2	\$542	\$923	\$648	\$60,384	4.8	\$444	4.2
2024	65,591	20.5	409	355	76	\$4.4	\$562	\$957	\$666	\$60,892	4.3	\$448	3.4
2025	66,441	20.9	452	374	77	\$4.6	\$577	\$984	\$680	\$61,364	4.1	\$451	2.7
2026	67,288	21.3	458	376	78	\$4.8	\$588	\$1,002	\$691	\$61,513	3.9	\$453	2.4
2027	68,107	21.7	437	367	79	\$5.0	\$599	\$1,019	\$701	\$61,604	3.9	\$454	2.2
2028	68,919	22.0	437	367	80	\$5.2	\$609	\$1,036	\$710	\$61,676	3.9	\$456	2.3
2029	69,697	22.4	413	357	81	\$5.3	\$623	\$1,060	\$716	\$61,578	3.9	\$456	2.2
2030	70,466	22.8	411	356	83	\$5.5	\$639	\$1,088	\$722	\$61,519	3.8	\$457	2.2
2031	71,194	23.1	389	346	84	\$5.7	\$652	\$1,110	\$728	\$61,463	3.8	\$457	2.3
2032	71,813	23.4	298	306	85	\$5.8	\$666	\$1,133	\$732	\$61,313	3.8	\$458	2.2
2033	72,387	23.7	273	295	86	\$6.0	\$681	\$1,161	\$739	\$61,432	3.8	\$458	2.0
2034	72,944	24.0	272	295	87	\$6.2	\$697	\$1,187	\$744	\$61,495	3.8	\$459	2.1
2035	73,494	24.3	280	294	88	\$6.4	\$716	\$1,220	\$749	\$61,562	3.8	\$459	2.1
2036	74,016	24.6	267	284	89	\$6.6	\$736	\$1,254	\$752	\$61,472	3.8	\$459	2.2
2037	74,528	24.9	276	283	90	\$6.8	\$755	\$1,287	\$755	\$61,355	3.8	\$460	2.2
2038	75,005	25.2	263	273	91	\$7.0	\$775	\$1,321	\$759	\$61,332	3.8	\$460	2.2
2039	75,464	25.5	261	273	92	\$7.2	\$796	\$1,357	\$761	\$61,253	3.8	\$461	2.2
2040	75,865	25.7	228	262	93	\$7.4	\$816	\$1,391	\$764	\$61,212	3.8	\$461	2.1
2041	76,210	26.0	193	252	94	\$7.7	\$837	\$1,427	\$769	\$61,359	3.8	\$461	2.2
2042	76,503	26.2	160	241	94	\$7.9	\$859	\$1,464	\$773	\$61,563	3.8	\$462	2.1
2043	76,715	26.5	93	221	95	\$8.1	\$883	\$1,506	\$778	\$61,860	3.8	\$462	2.0
2044	76,901	26.7	82	220	96	\$8.3	\$905	\$1,546	\$783	\$62,242	3.8	\$462	2.2
2045	77,038	26.9	48	210	97	\$8.5	\$932	\$1,592	\$788	\$62,608	3.8	\$463	2.2
2046	77,156	27.1	37	209	97	\$8.8	\$958	\$1,637	\$792	\$62,938	3.8	\$463	2.2
2047	77,234	27.3	3	199	98	\$9.0	\$984	\$1,682	\$794	\$63,189	3.8	\$463	2.2
2048	77,299	27.5	-8	199	98	\$9.2	\$1,013	\$1,732	\$797	\$63,415	3.8	\$464	2.3
2049	77,351	27.7	-19	198	99	\$9.5	\$1,042	\$1,784	\$800	\$63,768	3.8	\$464	2.0
2050	77,364	27.9	-53	188	99	\$9.7	\$1,073	\$1,837	\$803	\$64,101	3.8	\$464	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	16.1	1.8	1.1	2.2	0.5	3.0	0.4	1.1	0.1	1.4	1.3	2.9
2016	16.7	2.1	1.2	2.2	0.5	3.0	0.4	1.1	0.1	1.5	1.3	2.9
2017	17.0	2.2	1.5	3.3	0.5	1.7	0.3	1.2	0.1	1.4	1.4	2.9
2018	17.1	2.3	1.6	3.4	0.5	1.6	0.3	1.1	0.1	1.4	1.5	2.9
2019	17.4	2.3	1.6	3.2	0.5	1.8	0.3	1.1	0.1	1.5	1.6	3.0
2020	16.0	2.1	1.5	3.1	0.5	1.6	0.3	1.1	0.1	1.4	1.1	2.8
2021	16.6	2.2	1.6	3.1	0.5	1.7	0.3	1.1	0.1	1.5	1.3	2.9
2022	17.1	2.2	1.7	3.2	0.5	1.7	0.3	1.1	0.1	1.5	1.4	2.9
2023	17.6	2.2	1.8	3.3	0.6	1.7	0.3	1.2	0.1	1.6	1.4	3.0
2024	17.8	2.2	1.7	3.3	0.6	1.7	0.3	1.2	0.1	1.6	1.5	3.1
2025	18.0	2.3	1.7	3.4	0.6	1.7	0.3	1.2	0.1	1.6	1.5	3.1
2026	18.2	2.3	1.7	3.4	0.6	1.7	0.3	1.3	0.1	1.6	1.5	3.2
2027	18.3	2.3	1.7	3.4	0.6	1.7	0.3	1.3	0.1	1.7	1.5	3.2
2028	18.4	2.3	1.6	3.4	0.6	1.7	0.3	1.3	0.1	1.7	1.6	3.3
2029	18.5	2.3	1.6	3.5	0.6	1.7	0.3	1.4	0.1	1.7	1.6	3.3
2030	18.6	2.3	1.6	3.5	0.6	1.7	0.3	1.4	0.1	1.7	1.6	3.3
2031	18.7	2.3	1.5	3.5	0.6	1.7	0.3	1.4	0.1	1.8	1.6	3.4
2032	18.7	2.3	1.5	3.5	0.6	1.7	0.3	1.4	0.1	1.8	1.6	3.4
2033	18.8	2.3	1.5	3.5	0.6	1.7	0.3	1.5	0.1	1.8	1.6	3.4
2034	18.9	2.3	1.4	3.5	0.7	1.7	0.3	1.5	0.1	1.8	1.6	3.4
2035	18.9	2.3	1.4	3.5	0.7	1.7	0.3	1.5	0.1	1.9	1.7	3.5
2036	19.0	2.3	1.4	3.5	0.7	1.7	0.3	1.5	0.1	1.9	1.7	3.5
2037	19.0	2.3	1.4	3.5	0.7	1.7	0.3	1.5	0.1	1.9	1.7	3.5
2038	19.1	2.3	1.3	3.5	0.7	1.7	0.3	1.6	0.1	1.9	1.7	3.5
2039	19.2	2.3	1.3	3.5	0.7	1.7	0.3	1.6	0.1	1.9	1.7	3.5
2040	19.2	2.3	1.3	3.5	0.7	1.7	0.3	1.6	0.1	2.0	1.7	3.5
2041	19.3	2.3	1.3	3.5	0.7	1.7	0.3	1.6	0.1	2.0	1.7	3.5
2042	19.3	2.3	1.3	3.5	0.7	1.7	0.3	1.6	0.1	2.0	1.8	3.6
2043	19.4	2.3	1.2	3.5	0.7	1.7	0.3	1.6	0.1	2.0	1.8	3.6
2044	19.4	2.4	1.2	3.5	0.7	1.8	0.3	1.7	0.1	2.0	1.8	3.6
2045	19.5	2.4	1.2	3.5	0.7	1.8	0.3	1.7	0.1	2.0	1.8	3.6
2046	19.5	2.4	1.2	3.5	0.7	1.8	0.3	1.7	0.1	2.1	1.8	3.6
2047	19.6	2.4	1.2	3.5	0.7	1.8	0.3	1.7	0.1	2.1	1.8	3.6
2048	19.6	2.4	1.2	3.5	0.7	1.8	0.3	1.7	0.1	2.1	1.8	3.6
2049	19.7	2.4	1.1	3.5	0.7	1.8	0.3	1.7	0.1	2.1	1.8	3.6
2050	19.7	2.4	1.1	3.5	0.7	1.9	0.3	1.7	0.1	2.1	1.9	3.6

San Benito County Economic Forecast

Socioeconomic Indicators

